

# WASHINGTON STATE DEPARTMENT OF REVENUE

## SPECIAL NOTICE

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For further information contact:  
Telephone Information Center  
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342  
Teletype 1-800-451-7985

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### **Important Information for Lessors, Lessees and Sublessees of Publicly-owned Property**

**NOTE TO LESSORS AND SUBLESSORS:** Please provide the following information to your lessees/sublessees.

The 1994 Legislature enacted SHB 2582 (Chapter 95, Laws of 1994). Section 2 of the legislation allows qualified lessees/sublessees of residential property to apply for a reduction in their Leasehold Excise Tax. Persons who would qualify for the Senior Citizen/Disabled Persons Property Tax Exemption, if the property were privately owned, are eligible for a reduction in their Leasehold Excise Tax. The percentage reduction in the Leasehold Excise Tax is equal to the property tax reduction resulting from the Senior Citizen/Disabled Persons exemption under RCW 84.36.381.

The Leasehold Excise Tax Senior Citizen/Disabled Persons Reduction applies in two situations:

- 1) The primary residence of the applicant and underlying land are being leased/subleased from a governmental entity; or
- 2) The primary residence is owned by the applicant, but the underlying land is being leased/subleased from a governmental entity.

In (1), the amount of the Leasehold Excise Tax due (assuming all eligibility requirements were met) would be subject to a percentage reduction.

In (2), the amount of Leasehold Excise Tax due on the land would be eligible for a percentage reduction, while the primary residence would be eligible for a Senior Citizen/Disabled Persons Property Tax Exemption. A separate application must be filed for the Property Tax Exemption and the Leasehold Excise Tax reduction, with the county assessor.

The Property Tax exemption is administered by the county assessor. The Leasehold Excise Tax reduction is administered by the Department of Revenue.

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The Leasehold Excise Tax Senior Citizen/Disabled Persons Reduction will be taken as a credit against Leasehold Excise Tax due. The Department of Revenue will notify lessors or sublessors, by the beginning of the year the reduction is applicable, of persons eligible for a credit and the percentage reduction allowed. The percentage reduction will be based on income data reported by an applicant. A supplemental schedule will be furnished to lessors or sublessors to report the qualified applicant's name and amount of the Senior Citizen/Disabled Persons credit taken against Leasehold Excise Tax due.

The Leasehold Excise Tax Senior Citizen/Disabled Persons Reduction is effective for Leasehold Excise Taxes due in 1995. The application must be filed with the County Assessor by December 31st of the assessment year (the year prior to the year the reduction in the Leasehold Excise Tax is taken). An applicant may file a retroactive claim for the reduction, if they would have qualified for the program at the time an application should have been filed. However, the reduction in Leasehold Excise Tax can not be taken earlier than for taxes due in 1995.

## **Qualifications**

### **Age/Disability:**

- 1) The applicant must be 61 years of age or older on or before December 31st of the year the application is being filed; or
- 2) The applicant must be physically disabled and as such, retired from regular gainful employment by reason of such disability; or
- 3) Be a surviving spouse of a person that was approved for a reduction and be at least 57 years old.

### **Income:**

The combined annual disposable income of the applicant, spouse and/or co-tenant must be \$26,000 or less.

### **Residence:**

The reduction in the Leasehold Excise Tax applies to the primary residence of the applicant and up to one acre surrounding the residence. The applicant must occupy the residence on January 1st of the year prior to the year the reduction is taken and occupy the residence at least six months during the year.

### **Years:**

The application is made in the assessment year, but is based on income received in the year immediately preceding the assessment year. The reduction is effective in the year following the year of application.

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**Example:**

In 1994, the applicant files their application containing their 1993 income. They qualify for the reduction and receive it for Leasehold Excise tax due in 1995.

**Information**

Applications for the Leasehold Excise Tax Senior Citizen/Disabled Persons program may be obtained from the county assessor or the Department of Revenue.

Please call the Department of Revenue's Special Programs Division at (360) 586-5190, if you have any questions.

To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 486-2342. Teletype (TTY) users please call 1-800-451-7985.